

FISCAL NOTE
SB 133 - HB 84

March 11, 2005

SUMMARY OF BILL: Requires any entity authorized to exercise eminent domain to make a good faith effort to negotiate with the property owner, including specified steps.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact – Exceeds \$17,000,000/Highway Fund

Other Fiscal Impact – To the extent local governments successfully arbitrate their eminent domain cases, a decrease in local government expenditures could result. To the extent arbitration is unsuccessful, such expenditures could increase.

Assumptions:

- Tennessee Department of Transportation has estimated that approximately \$30.0 million will be spent on condemnation court proceedings in FY05.
- Number of eminent domain cases remains constant.
- Most right-of-way acquisitions are funded 80% with federal funds and 20% with state funds.
- Federal rules for land acquisition do not allow the use of arbitration, thus the state would lose federal funding by utilizing arbitration as a method to resolve eminent domain disputes.
- Net state expenditures will increase because cases that are arbitrated unsuccessfully will go to court and the state will have to pay 100% of the court costs as a result of losing the 80% match in federal funding. This would offset any initial expenditure decrease realized by successfully arbitrating some of the cases.
- Net fiscal impact to state expenditures is estimated to increase by an amount exceeding \$17.0 million per year.
- Fiscal impact to local governments is dependent upon the extent to which its eminent domain cases are successfully arbitrated.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director